If your concern over the recent events in the financial markets is growing, you may want to take a few minutes to read the attached articles authored by *SmartMoney* and ING. Even though the climate for investors is changing, you should continue saving for retirement. You want to be sure to stay the course because chances are you'll do better over the long haul than those who make sudden moves.

## *A Word about Recent Market Events*

When the markets get rough, many investors begin to question their investment strategies. Many think a decision to move out of the market may help them feel more in control. Some may even begin to wonder if their retirement savings are really protected in any way.

**Market volatility**

The market activity we've witnessed this fall has been significant. Right now it's important to remember that market volatility is inevitable. It's the nature of all markets to move up and down over the short term, and trying to time the market is nearly impossible. Focusing on the future, maintaining a long-term strategy and ignoring short-term fluctuations is usually the wisest thing to do. This means staying on the path you identified for yourself when times were calmer, riding out short-term volatility, and waiting for better days to return.

**Security of your retirement savings**

You should take comfort in knowing that there are regulations and government agencies in place to safeguard your retirement savings. Your deferred compensation plan contributions are invested and held in a trust managed by the Plan Trustee. The Trustee manages the Plan investments, processes contributions, prepares financial statements, disburses funds to participants taking distributions, and pays the fees and expenses of running the trust.

By government regulation, the money in your Plan Trust is only used for the benefit of Plan participants and for the Plan's operational needs. The fact that your retirement savings Plan is protected by strict government regulations and oversight should help put your mind at rest during these uneasy times.

While these government agencies can't guarantee the actual value of your investments, they are mandated to follow rigorous federal regulations to keep your retirement savings as safe as possible. These safeguards, along with your own thoughtful investment practices, will help you to attain a more financially secure and comfortable retirement.

To be more specific on the various forms of government investment protection, money held in the State of Missouri Deferred Compensation Plan (IRS code 457/401(a)) is not insured by FDIC as this type of insurance is reserved for money held in banking institutions. Assets held in the Self Directed Brokerage Account (SDBA) and mutual fund investments within the State of Missouri Deferred Compensation Plan are considered securities for purposes of the Securities Investor Protection Corporation (SIPC). SIPC will not protect the value of shares against market losses, but will protect individual investors from fraud committed by the member broker dealer that custodies the securities.

## *Afraid of Today's Market?*

### *Take the Emotion Out of Your Investing*

*By SmartMoney*

We all know it's best not to let short-term market fluctuations influence your long-term investment decisions. So what can you do to keep your head?

**Stick to your asset allocation**

For long-term investing success, you should consider allocating your money among the different asset classes (stock funds, bond funds, guaranteed investment contracts or stable value funds, and money-market funds) according to the mix of growth, income, safety and risk that suits you best. Once you have an allocation that works for you, stick to it. Don't make changes in response to short-term moves in the market; make changes because something basic in your life has changed that leads you to reconsider the date you plan to retire (a marriage or divorce, the birth or adoption of a child).

**Make the most of dollar-cost averaging**

Keep investing fixed amounts of money at regular intervals regardless of whether the market is up or down. Your money buys fewer shares when prices are high and at risk of falling, and more shares when prices are low and likely to rise. Consistently contributing to your retirement savings plan through regular payroll deductions makes dollar-cost averaging automatic.

**Keep track of your investments**

Not every investment will work out as you hoped. Let's say a fund in which you own shares has not lived up to your expectations over the long term or has consistently missed its benchmark and you decide to sell your current holdings, reallocate future deferred compensation contributions, or do both. You will be making an informed decision.

**Attend a workshop**

State of Missouri Deferred Compensation Plan offers seminars to increase your financial knowledge. Take some time now to learn more about investing could pay off big when retirement rolls around. To schedule for a seminar in your area, go to http://mo.ingplans.com.

**Remember stock-market history**

When stocks are soaring, it's easy to think they'll soar forever; when they're down, it's easy to think they'll never go up. Don't focus on short-term ups and downs. Instead, keep your eye on the long-term.

# WorthKnowing

## Understanding Market Volatility

A Resource Series for Saving & Investing

**When Investing Becomes a "Bear":**

Don't respond emotionally to an erratic market. Take your time when making investment decisions and consider staying in the market. Chances are you'll do better over the long haul than those who make sudden moves.

A downturn in the stock market may make it difficult to stay focused on the future. When the market is on a roller coaster, many people suffer from a bad case of "statement shock" in response to daily market changes. In that situation, it's natural to want to take measures to protect your portfolio, but that's when your most prudent strategy is probably to sit tight. Investing for the long term typically means for a period of 10 or more years. In that context, a 10% decline in prices (a market correction) becomes less significant. So the best way to weather a volatile market is to ride it out.

If you compare stocks to other investments, you'll see that historically stocks perform much better in the long run (see chart on page two). Whatever the future holds for long-term savers, though, the following strategies make sense:

### Know Your Risk Tolerance:

- Evaluate your comfort level with the rise and fall of the market, and invest accordingly.
- Make sure your investments are diversified.
- When the market does decline, don't obsess about your losses.

### Review Your Portfolio:

- Review how your portfolio value has grown and changed over time – look at the last two years or five years or 10 years – it helps put market downturns into perspective.

### Think Before You Make Changes:

- Don't respond emotionally to an erratic market.
- Take your time when making investment decisions – don't make any moves based on what the market did yesterday or last week.

### Stick to Your Plan:

- Stay in the market. Chances are you'll do better over the long haul than those who make sudden moves.

### You Can't Predict the Future

Market corrections are nearly impossible to forecast, and you can't do much to avoid them. If you're reeling from a decline in portfolio value, don't make the investment changes that you wish you had made last week. History may repeat itself, but last week's market return is no sure-fire predicator of what will happen next.

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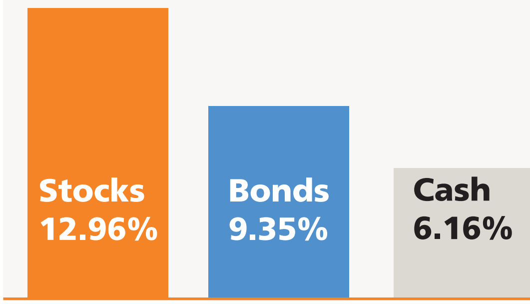
It's not wise to invest or decide not to because you expect some particular behavior from the market in the near future. When you try, you're as likely to miss out on gains as to avoid losses. In fact, investors who expect a correction and get out of the market have an even harder time deciding when to get back in and they often miss out on six months or more of investment returns.

The important issue is investing for the long term. When you keep your portfolio mix fairly constant, avoid selling, and continue to invest, you can be prepared for a correction – and stand ready for the next upturn.

## Keep stock market volatility in perspective.

Despite the bear market of 2000-2002, stocks have still outperformed other investments over the past 30 years.




**Annualized Returns**
for the 30 years ending December 31, 2007**

** Source: Standard & Poor's. Past performance does not guarantee future results.

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